

REMARKS

In light of the above amendatory matter and remarks to follow, reconsideration and allowance of this application are respectfully requested.

Claims 1-27 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Ling (U.S. 2002/0002538 A1) in view of official notice and further in view of applicant's admission of prior art. In response, each of the independent claims 1, 11, 18 and 19 have been amended to clarify the invention to further distinguish the claimed invention from the cited prior art. Moreover, the rejection is traversed for the reasons discussed below.

On page 3 of the office action, the Examiner asserts that Ling determines an amount paid by the consumer to a previous merchant. Each of the independent claims in the present application has been amended to clarify that the amount paid to a previous merchant is utilized to verify the value of the token. This feature is set forth in the original application on page 6, lines 18-21; page 27, lines 9-13; and page 28, lines 17-25.

Ling discusses maintaining information on how the user has spent tokens in the past (paragraph 75). Such a teaching in Ling is clearly insufficient to establish that it would have been obvious to modify a reference to use the amount paid to a previous merchant in order to verify the value of a token. Moreover, the Examiner's reliance on applicant's admissions as to the teachings of the prior art likewise is improper. Namely, the application on page 2, lines 24-27, sets forth that "probabilistic polling of the merchant is used to permit the creditor to obtain an approximation of the consumer's spending." This statement is insufficient to establish that it is known or obvious to utilize the amount paid to a previous merchant to

verify the value of a token. Thus, applicant's claimed invention is patentably distinguished from Ling.

On page 3 of the office action, the Examiner acknowledges that "Ling does not explicitly teach communicating a request for an update key to the clearing server, or providing the update key as an authorization to modify the value of the token." However, the Examiner asserts that it would have been obvious to modify Ling to incorporate encryption into its method. On page 4, the Examiner acknowledges that "Ling does not explicitly teach that the consumer purchases the tokens from a clearing server." The Examiner states that "the claimed language does not explicitly differentiate the merchant and the clearing server as separate and distinct entities." To clarify the present invention, each of the independent claims has been amended to explicitly state that the merchant and the clearing server are indeed separate and distinct entities. In fact, the entire invention is premised on this fact. In contrast, Ling does not have such a clearing server and instead only discloses that the vendor itself is the issuer of the electronic tokens. Moreover, it is submitted that Ling teaches away from the use of separate entities. For example, Ling in the abstract states "because the vendor is the issuer of the electronic tokens, there is no need for transactions to be handled by a third party, such as a bank or other organization. This reduces the overhead involved in conducting electronic commerce, and provides the vendor with a greater amount of control. Additionally, the vendor maintains total control over the price of the electronic tokens at any time."

In light of the clarification to each of the independent claims in the present application, and the explicit teachings of Ling, it is submitted that Ling is an improper reference to reject applicant's claims. Moreover, it is submitted that the Examiner must give

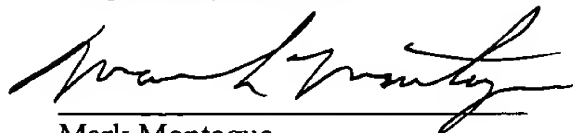
patentable weight to the specific limitations recited in the claims. In the Office Action, the Examiner has reduced Applicant's invention simply to the use of encrypted tokens. The claimed invention, however, is much more involved, as discussed above.

Claim 27 has been amended to specify particular details of the present invention. Namely, the particular steps of what occurs when the clearing server determines whether the token was previously used. Support for the features recited in claim 27 is provided in the application on page 28, line 17-23. In particular, the clearing server maintains the value of a token. The value of the token also is maintained with the consumer. If the consumer previously used the token, then it is possible that the consumer's token has a value different from that maintained at the clearing server. By polling a previous merchant, this discrepancy can be rectified. In particular, and as recited in claim 27, the value of the token as maintained at the clearing server is modified by the amount of the previous transaction (at the previous merchant), and then the two values should match. If so, the actual amount of the token has been verified and thereafter the update key can be provided to the new merchant. These features of applicant's claimed invention clearly are neither disclosed nor obvious in view of Ling.

In view of the foregoing, it is submitted that claims 1-27 are patentably distinct and unobvious over Ling. It is requested that the rejection of claims 1-27 be withdrawn.

In view of the foregoing amendments and remarks, reconsideration and allowance of this application are respectfully requested.

Respectfully submitted,



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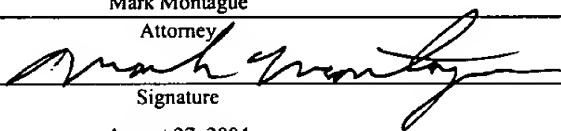
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